

National Energy
Board



Office national
de l'énergie

National Energy Board

2014-15

Report on Plans and Priorities

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Chair and CEO
National Energy Board

The Honourable Joe Oliver, P.C., M.P.
Minister
Natural Resources

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2014-15 ESTIMATES

PART III – Departmental Expenditure Plans: Reports on Plans and Priorities

Purpose

Reports on Plans and Priorities (RPP) are individual expenditure plans for each department and agency. These reports provide increased levels of detail over a three-year period on an organization's main priorities by strategic outcome, program and planned/expected results, including links to related resource requirements presented in the Main Estimates. In conjunction with the Main Estimates, Reports on Plans and Priorities serve to inform members of Parliament on planned expenditures of departments and agencies, and support Parliament's consideration of supply bills. The RPPs are typically tabled soon after the Main Estimates by the President of the Treasury Board.

Estimates Documents

The Estimates are comprised of three parts:

Part I - Government Expenditure Plan - provides an overview of the Government's requirements and changes in estimated expenditures from previous fiscal years.

Part II - Main Estimates - supports the Appropriation Acts with detailed information on the estimated spending and authorities being sought by each federal organization requesting appropriations.

In accordance with Standing Orders of the House of Commons, Parts I and II must be tabled on or before March 1.

Part III - Departmental Expenditure Plans - consists of two components:

- Report on Plans and Priorities (RPP)
- Departmental Performance Report (DPR)

DPRs are individual department and agency accounts of results achieved against planned performance expectations as set out in respective RPPs. The DPRs for the most recently completed fiscal year are tabled in the fall by the President of the Treasury Board.

Supplementary Estimates support Appropriation Acts presented later in the fiscal year. Supplementary Estimates present information on spending requirements that were either not sufficiently developed in time for inclusion in the Main Estimates or have subsequently been refined to account for developments in particular programs and services. Supplementary Estimates also provide information on changes to expenditure forecasts of major statutory items as well as on such items as: transfers of funds between votes; debt deletion; loan guarantees; and new or increased grants.

For more information on the Estimates, please consult the [Treasury Board Secretariat website](#).ⁱ

Links to the Estimates

As shown above, RPPs are one component of Part III of the Estimates documents. Whereas Part II emphasizes the financial aspect of the Estimates, Part III focuses on financial and non-financial performance information, both from a planning and priorities standpoint (RPP), and an achievements and results perspective (DPR).

The Management Resources and Results Structure (MRRS) establishes a structure for display of financial information in the Estimates and reporting to Parliament via RPPs and DPRs. When displaying planned spending, RPPs rely on the Estimates as a basic source of financial information.

Main Estimates expenditure figures are based on the Annual Reference Level Update which is prepared in the fall. In comparison, planned spending found in RPPs includes the Estimates as well as any other amounts that have been approved through a Treasury Board submission up to February 1st (See Definitions section). This readjusting of the financial figures allows for a more up-to-date portrait of planned spending by program.

Changes to the presentation of the Report on Plans and Priorities

Several changes have been made to the presentation of the RPP partially to respond to a number of requests – from the House of Commons Standing Committees on Public Accounts (PAC - [Report 15ⁱⁱ](#)), in 2010; and on Government and Operations Estimates (OGGO - [Report 7ⁱⁱⁱ](#)), in 2012 – to provide more detailed financial and non-financial performance information about programs within RPPs and DPRs, thus improving the ease of their study to support appropriations approval.

- In Section II, financial, human resources and performance information is now presented at the Program and Sub-Program levels for more granularity.
- The report's general format and terminology have been reviewed for clarity and consistency purposes.
- Other efforts aimed at making the report more intuitive and focused on Estimates information were made to strengthen alignment with the Main Estimates.

How to read this document

RPPs are divided into four sections:

Section I: Organizational Expenditure Overview

This Organizational Expenditure Overview allows the reader to get a general glance at the organization. It provides a description of the organization's purpose, as well as basic financial and human resources information. This section opens with the new Organizational Profile, which displays general information about the department, including the names of the minister and the deputy head, the ministerial portfolio, the year the department was established, and the main legislative authorities. This subsection is followed by a new subsection entitled Organizational Context, which includes the *Raison d'être*, the Responsibilities, the Strategic Outcomes and Program Alignment Architecture, the Organizational Priorities and the Risk Analysis. This section ends with the Planned Expenditures, the Alignment to Government of Canada Outcomes, the Departmental Spending Trend, the Estimates by Votes and the Contribution to the Federal Sustainable Development Strategy. It should be noted that this section does not display any non-financial performance information related to programs (please see Section II).

Section II: Analysis of Program(s) by Strategic Outcome(s)

This Section provides detailed financial and non-financial performance information for strategic outcomes, Programs and Sub-Programs. This section allows the reader to learn more about

programs by reading their respective description and narrative entitled “Planning Highlights”. This narrative speaks to key services or initiatives which support the plans and priorities presented in Section I; it also describes how performance information supports the department’s strategic outcome or parent program.

Section III: Supplementary Information

This section provides supporting information related to departmental plans and priorities. In this section, the reader will find future-oriented statement of operations and a link to supplementary information tables regarding transfer payments, as well as information related to the greening of government operations, internal audits and evaluations, horizontal initiatives, user fees, major crown and transformational projects, and up-front multi-year funding, where applicable to individual organizations. The reader will also find a link to the *Tax Expenditures and Evaluations Report*, produced annually by the Minister of Finance, which provides estimates and projections of the revenue impacts of federal tax measures designed to support the economic and social priorities of the Government of Canada.

Section IV: Organizational Contact Information

In this last section, the reader will have access to organizational contact information.

Definitions

Appropriation

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

Budgetary Vs. Non-budgetary Expenditures

Budgetary expenditures – operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to crown corporations.

Non-budgetary expenditures – net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

Expected Result

An outcome that a program is designed to achieve.

Full-Time Equivalent (FTE)

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. FTEs are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada Outcomes

A set of high-level objectives defined for the government as a whole.

Management Resources and Results Structure (MRRS)

A common approach and structure to the collection, management and reporting of financial and non-financial performance information.

An MRRS provides detailed information on all departmental programs (e.g.: program costs, program expected results and their associated targets, how they align to the government's priorities and intended outcomes, etc.) and establishes the same structure for both internal decision making and external accountability.

Planned Spending

For the purpose of the RPP, planned spending refers to those amounts for which a Treasury Board (TB) submission approval has been received by no later than February 1, 2014. This cut-off date differs from the Main Estimates process. Therefore, planned spending may include amounts incremental to planned expenditure levels presented in the 2014-15 Main Estimates.

Program

A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results, and that are treated as a budgetary unit.

Program Alignment Architecture

A structured inventory of a department's programs, where programs are arranged in a hierarchical manner to depict the logical relationship between each program and the Strategic Outcome(s) to which they contribute.

Spending Areas

Government of Canada categories of expenditures. There are four spending areas^{iv} (social affairs, economic affairs, international affairs and government affairs) each comprised of three to five Government of Canada outcomes.

Strategic Outcome

A long-term and enduring benefit to Canadians that is linked to the department's mandate, vision, and core functions.

Sunset Program

A time-limited program that does not have on-going funding or policy authority. When the program is set to expire, a decision must be made as to whether to continue the program. (In the case of a renewal, the decision specifies the scope, funding level and duration).

Whole-of-Government Framework

A map of the financial and non-financial contributions of federal organizations receiving appropriations that aligns their Programs to a set of high level outcome areas defined for the government as a whole.

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Message from the Chair and CEO

The Canadian public interest with regard to energy issues is changing, and over the past year the National Energy Board continued to evolve and adapt in response. We believe that “the public interest is inclusive of all Canadians and refers to a balance of economic, environmental and social considerations that changes as society’s values and preferences change over time.”



Our focus on our three strategic priorities – continuous improvement of safety and environmental outcomes, a robust regulatory framework in the North, and a flexible and efficient organization that is able to meet new and ongoing priorities – has not changed. These three priorities will continue to guide our work in 2014-15.

The NEB’s focus on safety is making a difference. For example, oil spill volumes are down consistently year-after-year pointing to greater awareness and proactive mitigation of incidents. In 2013 we conducted 169 inspections and six audits. The Board also successfully engaged stakeholders in a Safety Forum in Calgary to identify opportunities for industry and regulators to improve safety.

The NEB will continue to promote a safety culture with the companies we regulate. We will define safety culture and integrate safety culture indicators into existing compliance verification activities.

The Board has heard and understands that more information needs to be shared with the public than has been the practice in the past. We will continue to provide Canadians with compliance-related information that is accurate, timely and in a format that is easily accessible.

The NEB continues its work to modernize the regulatory framework in the North, in partnership with federal and territorial departments and regulators. This year alone, our staff and Board Members held over 50 meetings across the North to continue to listen to those who will be most affected by oil and gas activities.

We will continue to ensure that we have a flexible and efficient organization. Approved facility applications increased from an average of 25 applications per year over the past four years to 40 applications in 2013. In addition to a further anticipated increase in applications in 2014-15, we also expect three major hearings in 2014-15, including the Trans-Mountain Expansion, the Energy East and the Beaufort Sea Exploration Joint Venture drilling projects.

There is no question that in 2014-15, all of our resources will be used to their full capacity. We will continue to regulate in the public interest, which includes a firm commitment to safety and the environment, and in a manner that is independent, fair and professional.

Gaétan Caron
Chair and CEO
National Energy Board

Section I: Organizational Expenditure Overview

Organizational Profile

Minister: The Honourable Joe Oliver, P.C., M.P.

Chair and CEO: Gaétan Caron

Ministerial portfolio: Natural Resources

Year established: 1959

Main legislative authorities: *National Energy Board Act* (NEB Act)^v

Other: In 2014, the National Energy Board will celebrate 55 years of ardently promoting safety and security, environmental protection and economic efficiency in the Canadian public interest.

Organizational Context

Raison d'être

The National Energy Board (NEB or the Board) is an independent federal, quasi-judicial regulator established in 1959 to promote safety and security, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament for the regulation of pipelines, energy development and trade.

Responsibilities

The main responsibilities of the NEB are established in the NEB Act and include regulating:

- The construction, operation, and abandonment of pipelines that cross international borders or provincial/territorial boundaries, as well as the associated pipeline tolls and tariffs;
- The construction and operation of international power lines and designated inter-provincial power lines; and
- Imports of natural gas and exports of crude oil, natural gas liquids (NGL), natural gas, refined petroleum products and electricity.

Additionally, the Board has regulatory responsibilities for oil and gas exploration and production activities in Canada Lands^{vi} not otherwise regulated under joint federal/provincial accords. These regulatory responsibilities are set out in the *Canada Oil and Gas Operations Act* (COGO Act), and the *Canada Petroleum Resources Act* (CPR Act).

The NEB conducts environmental assessments (EA) during its review of applications for projects under its jurisdiction. For certain projects, an EA is also required by federal legislation, such as the *Canadian Environmental Assessment Act, 2012* (CEAA 2012), the *Mackenzie Valley Resource Management Act*, the *Inuvialuit Final Agreement* or the *Nunavut Land Claims Agreement*. Certain Board inspectors are designated Health and Safety Officers by the Minister of Labour to administer Part II of the *Canada Labour Code* as it applies to NEB-regulated facilities and activities.

The Board also monitors aspects of energy supply, demand, production, development and trade that fall within the jurisdiction of the federal government. The Board reports to Parliament through the Minister of Natural Resources.

Strategic Outcome and Program Alignment Architecture (PAA)

- 1 **Strategic Outcome:** The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.
 - 1.1 **Program:** Energy Regulation Program
 - 1.1.1 **Sub-Program:** Energy Regulation Development
 - 1.1.2 **Sub-Program:** Energy Regulation Implementation, Compliance Monitoring and Enforcement
 - 1.2 **Program:** Energy Information Program
- Internal Services**

Organizational Priorities

Organizational Priorities

Priority	Type	Strategic Outcome(s) and/or Program(s)
Continuous improvement of safety and environmental outcomes	Previously committed to	Energy Regulation
Description		
Why is this a priority? <p>Safety and environmental protection are of paramount importance to the Board. As an independent federal regulator, the Board regulates safety and security, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament.</p>		
What are the plans for meeting this priority? <ul style="list-style-type: none">• Implement safety culture plan with regulated companies:<ul style="list-style-type: none">○ Develop and communicate NEB messaging, including a definition of safety culture, which identifies its characteristics and attributes;○ Conduct engagement activities promoting awareness of the NEB's safety culture expectations;○ Create a baseline of safety culture with regulated companies using various inputs such as incident investigations, audits and inspections.• Implement internal systems and processes to collect, analyze and use regulatory data.• Develop a regulatory information and analysis function to feed high quality, evidence-based regulatory information and data into risk-based compliance verification planning to improve regulatory performance.• Monitor and publicly report on the implementation of administrative monetary penalties.• Streamline the process of reporting by regulated companies of incidents and unauthorized activities.• Produce easily accessible regulatory information on safety, environmental protection and energy markets that is proactively offered on the NEB website.		

Priority	Type	Strategic Outcome(s) and/or Program(s)
A robust regulatory framework for the North	Previously committed to	Energy Regulation
Description		
<p>Why is this a priority?</p> <p>The NEB is the federal body responsible for regulating oil and gas exploration and production activities in Canada Lands^{vi} not otherwise regulated under joint federal/provincial accords. In 2011, the NEB conducted a comprehensive review of the regulatory framework for Arctic offshore drilling, which resulted in the development of filing requirements for offshore drilling in the Canadian Arctic (i.e., the Arctic Review). During the Arctic Review, the NEB committed to reviewing and strengthening its regulatory framework for the North to ensure that future decisions on applications will be made in a manner that enhances the safety of workers and the public and the protection of the environment.</p> <p>What are the plans for meeting this priority?</p> <ul style="list-style-type: none"> • Modernize the regulatory framework for Canada Lands^{vi}, in partnership with relevant federal and provincial government departments and regulators to maintain the highest standards for operational safety, and environmental protection. • Work with the Government of the Northwest Territories (GNWT) to provide for a seamless and efficient transfer of areas within the NEB's regulatory jurisdiction to the GNWT, pursuant to the Devolution Agreement. • Provide guidance to clarify the NEB's expectations of companies and how the public can get involved in NEB processes. • Engage Northerners and Northern institutions that could be affected by potential activities regulated by the NEB in support of meaningful and coordinated regulatory processes. • Build internal technical capacity and standardized oversight tools to enable continued delivery of timely and effective regulatory decisions. • Develop cooperative agreements with other key players involved in emergency response in the North to improve preparedness in the event of an incident. 		

Priority	Type	Strategic Outcome(s) and/or Program(s)
A flexible and efficient organization able to meet new and ongoing priorities	Previously committed to	Internal Services Energy Regulation
Description		
Why is this a priority? <p>A nimble organization is required for the NEB to achieve its strategic outcome and priorities in an effective and efficient manner, while an increase in industry activity is resulting in unprecedented demand for NEB services. As well, unprecedented changes including those to the NEB Act resulting from the <i>Jobs, Growth and Long-Term Prosperity Act</i> (JGLTPA) have impacted our responsibilities (e.g., navigation safety, the requirement to ensure expeditious handling of applications and an increased number of audits and inspections).</p>		
What are the plans for meeting this priority? <ul style="list-style-type: none">• Implement consequential legislative and regulatory changes.• Review and update hearing and non-hearing application processes to enable the efficient and thorough review of major applications.• Enhance communication with Canadians through strategic communications, including proactive information sharing and web presence.• Implement updated information management and information technology strategies to support regulatory and business processes using a new structured and efficient approach to data capture, storage, analysis and dissemination.• Establish and implement a funding model that allows a dynamic allocation of resources based on changing short-term and long-term business priorities.• Facilitate move to new building and minimize business disruptions.• Establish appropriate service standards commensurate with business requirements and funding levels.		

Risk Analysis

The NEB takes risk into account in its integrated business planning and decision-making processes, which is codified in the NEB's Integrated Risk Management Policy and process. Risks with the potential to affect the achievement of organizational objectives are identified, analyzed, evaluated, monitored and reviewed at the strategic and operational levels to inform decision-making, priority setting, resource allocation and corporate reporting.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Due to several drivers such as an increase in the transportation of oil and gas products, there is a risk that an incident at a regulated company results in a fatality(ies) and/or significant environmental damage.	Implement additional controls and monitor	1.1 Energy Regulation Program
Due to limited use of data standards combined with aging information systems, there is a risk that inaccurate, incomplete or inadequate information about NEB-regulated facilities or NEB operations is communicated to Canadians.	Implement additional controls and monitor	1.1 Energy Regulation Program
Due to an increase in resource demands driven by the number and scope of applications and hearings, there is a risk that they are not dealt with in a timely and expeditious manner and/or legislated time limits are not met resulting in a compromised predictability of the NEB's regulatory processes.	Implement additional controls and monitor	1.1 Energy Regulation Program
Due to a highly competitive labour market, there is a risk that key positions within the organization are vacant resulting in a loss of corporate knowledge and delays in regulatory processes.	Implement additional controls and monitor	1.3 Internal Services

In 2013, the NEB regulated approximately 73,000 kilometres^{vii} of pipelines operated by 98 companies and approximately 1,400 kilometres of international power lines operated by 11 companies across Canada. These pipelines shipped approximately \$134.4 billion^{viii} worth of crude oil, petroleum products, natural gas liquids and natural gas to Canadian and export customers at an estimated transportation cost of \$7.1 billion. NEB-regulated international power lines transmitted approximately \$2 billion of electricity into and out of Canada.

The NEB's responsibilities are not only shaped by emerging energy trends, but also by the proactive consideration of safety, environmental, societal and economic trends that may influence the NEB's ability to carry out its responsibilities in the Canadian public interest.

A number of incidents from 2010 to 2013 involving the oil and gas sector, including the Gulf of Mexico crude oil spill resulting from a 'blow out' during the drilling of a sub-sea well, have changed the regulatory environment for the NEB and other energy regulators. Parliamentarians and members of the public are showing an increased interest in the energy industry, the safety of pipelines and environmental impacts of pipeline failures, and the role of the public in influencing regulatory and political decisions regarding the development of Canada's energy industry. The NEB recognizes the need to communicate better and timelier information to Canadians about its regulatory process (e.g., applications and incidents).

The emergence of shale oil and shale gas developments in recent years has created renewed uncertainty regarding natural gas development in Arctic environments; however, there has been a growth in energy development in the northeastern British Columbia shale gas areas. As well, low prices and the growth of natural gas resources from shale gas in the United States is leading to a decrease in Canadian exports to the U.S. and a growing interest in cultivating overseas markets. Due to the factors outlined above, the NEB expects the recent high rate of industry applications for new facilities and for adjudication of tolling disputes to continue in 2014-15.

Planned Expenditures

Budgetary Financial Resources (Planned Spending—dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2015-16 Planned Spending	2016-17 Planned Spending
71,316,050	84,663,473	69,153,310	69,153,310

Human Resources (Full-time equivalents—FTEs)

2014-15	2015-16	2016-17
423.6	423.6	423.6

Budgetary Planning Summary for Strategic Outcome and Programs (dollars)

Strategic Outcome(s), Program(s) and Internal Services	2011-12 Expenditures	2012-13 Expenditures	2013-14 Forecast Spending	2014-15 Main Estimates	2014-15 Planned Spending	2015-16 Planned Spending	2016-17 Planned Spending
Strategic Outcome 1: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.							
Energy Regulation Program	34,867,506	44,125,872	52,800,000	39,482,860	56,018,272	46,581,292	46,581,292
Energy Information Program	8,259,353	5,974,560	7,200,000	5,294,553	6,820,972	5,831,489	5,831,489
Strategic Outcome 1 Subtotal	43,126,859	50,100,432	60,000,000	44,777,413	62,839,244	52,412,781	52,412,781
Internal Services Subtotal	21,248,754	19,445,209	24,200,000	26,538,637	21,824,229	16,740,529	16,740,529
Total	64,375,613	69,545,641	84,200,000	71,316,050	84,663,473	69,153,310	69,153,310

The NEB is funded through parliamentary appropriations. The Government of Canada recovers approximately 90 per cent of the appropriation from the regulated industry. The revenues are deposited directly into the Consolidated Revenue Fund. This process is regulated by the *National Energy Board Cost Recovery Regulations*.

Additional funds were received in 2012-13 to enhance NEB safety and security programs. Funding was also provided to cover special allowances.

In 2013-14, the increase in spending is largely due to a \$12.4 million amount for moving to the NEB's new location.

The remaining moving costs of \$8.3 million will be incurred in 2014-15. The 2014-15 planned spending also includes an anticipated \$7.2 million due to the approval of a new Collective Agreement and \$6.1 million for eligible payroll expenses (including anticipated one-time severance liabilities).

Similarly, the 2015-16 planned spending includes \$7.2 million related to the anticipated Collective Agreement and \$1.2 million for eligible payroll expenses.

Alignment to Government of Canada Outcomes

2014-15 Planned Spending by Whole-of-Government-Framework Spending Area (dollars)

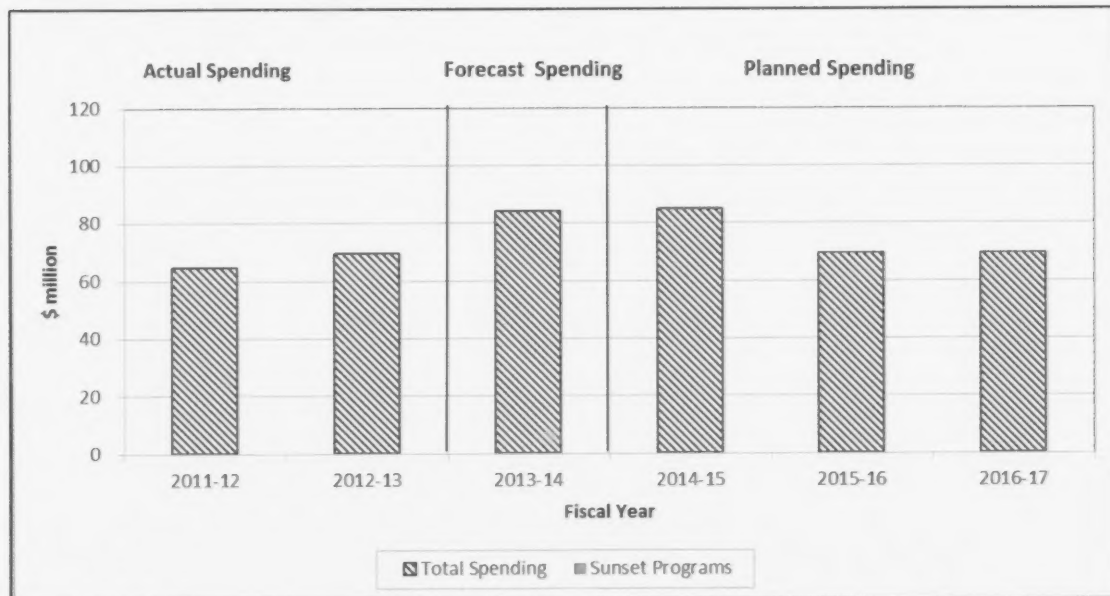
Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2014-15 Planned Spending
1 The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.				
	1.1 Energy Regulation	Economic affairs	Strong economic growth	56,018,272
	1.2 Energy Information	Economic affairs	Strong economic growth	6,820,972

Total Planned Spending by Spending Area (dollars)

Spending Area	Total Planned Spending
Economic Affairs	62,839,244
Social Affairs	-
International Affairs	-
Government Affairs	-

Departmental Spending Trend

Departmental Spending Trend Graph



The increase in actual spending from 2011-12 to 2012-13 is due to an increase in funding related to the Safety and Public Awareness Treasury Board Secretariat Submission. The increase in forecast spending between 2012-13 and 2013-14 is largely attributed to the move to a new location. Planned spending increases between 2013-14 and 2014-15 are attributable to one-time severance payouts stemming from the provisions of a New Collective Agreement partially offset by lower move costs in 2014-15.

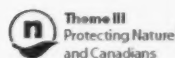
The NEB has one sunset program, Public Awareness activity, valued at \$0.6 million that will cease at the end of FY 2013-14, which was part of the 2012-13 Safety Submission.

Estimates by Vote

For information on the National Energy Board's organizational appropriations, please see the [2014-15 Main Estimates publication](#).^{ix}

Contribution to the Federal Sustainable Development Strategy (FSDS)

The 2013-16 Federal Sustainable Development Strategy (FSDS)^x, tabled on November 4, 2013, guides the Government of Canada's 2013-16 sustainable development activities. The FSDS articulates Canada's federal sustainable development priorities for a period of three years, as required by the *Federal Sustainable Development Act* (FSDA). The NEB contributes to Themes III - Protecting Nature and Canadians and IV - Shrinking the Environmental Footprint – Beginning with Government, as denoted by the visual identifiers below.



Theme III
Protecting Nature
and Canadians



Theme IV
Shrinking the Environmental Footprint -
Beginning with Government

These contributions are components of the following Programs and are further explained in Section II:

- Program 1.1 Energy Regulation; and,
- Internal Services.

The NEB's decision-making process includes a consideration of the FSDS goals and targets through the strategic environmental assessment (SEA). An SEA for policy, plan or program proposals includes an analysis of the impacts of the proposal on the environment, including on the FSDS goals and targets. The results of SEAs are made public when an initiative is announced or approved, demonstrating that environmental factors were integrated into the decision-making process.

For complete details on the Strategy, please see the Federal Sustainable Development Strategy^{xi} website.

Section II: Analysis of Program(s) by Strategic Outcome

Strategic Outcome

The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.

Program 1.1: *Energy Regulation*

Description:

This program provides the regulatory framework under which the NEB carries out its mandate and achieves part of its strategic outcome. Specifically, it enables Canadian federally regulated energy infrastructure to be developed and supervised throughout its lifecycle. The regulatory framework includes components such as setting expectations for industry and others, monitoring and enforcing compliance with requirements, measuring performance of the NEB's regulatory framework and focusing on continual improvement. The authority for this program is derived from the *National Energy Board Act*, the *Canada Oil and Gas Operations Act*, the *Canada Petroleum Resources Act*, the *Canada Labour Code* and other associated regulations and guidelines. Energy regulation provides Canadians with safe, reliable and efficient energy supply.

Budgetary Financial Resources (dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2015-16 Planned Spending	2016-17 Planned Spending
39,482,860	56,018,272	46,581,292	46,581,292

Human Resources (FTEs)

2014-15	2015-16	2016-17
293.0	293.0	293.0


Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Regulated activities are conducted in accordance with regulatory requirements	Number of inspections conducted per fiscal year	150	Annually
	Per cent of planned compliance activities that are completed	100	Annually
	Number of audits conducted per fiscal year	6	Annually

Planning Highlights

The NEB hosted a Safety Forum in June 2013 with a focus on safety and environmental protection. The forum was one of the key deliverables within the NEB's Action Plan on Safety and Environmental Protection. Key topics discussed at the Forum included corporate leadership's role in building and maintaining a safety culture, effectiveness of management systems and performance measurement's role in risk management, as well as public expectations around transparency of information, and the evolving role of the regulator. To capitalize on the momentum generated by the Forum, the NEB identified several actions supporting the common goal for the NEB and the industry of zero incidents.

Key activities include:

-  **Theme III**
Protecting Nature
and Canadians • Maintain an increased number of compliance activities including inspections and audits as per targets;
- Implement safety culture plan with regulated companies:
 - Develop and communicate NEB messaging, including a definition of safety culture, which identifies its characteristics and attributes;
 - Conduct engagement activities promoting awareness of the NEB's safety culture expectations;
 - Create a baseline of safety culture with regulated companies using various inputs such as incident investigations, audits and inspections.
- Review and update hearing and non-hearing application processes including systems used to support the application processes so that they are in place to conduct a thorough and efficient review of upcoming major applications;
- Develop a regulatory information and analysis function to enhance high quality, evidence-based information into compliance verification and other regulatory processes.

These activities, once implemented, will further minimize the probability that an incident at a regulated company could result in a fatality and/or significant environmental damage.

Sub-Program 1.1.1: *Energy Regulation Development*

Description:

This Sub-Program provides the energy sector and affected stakeholders with the regulatory expectations required for the development and operation of energy infrastructure and for oil and gas exploration and development activities in lands and offshore areas as defined in s.3 of the *Canada Oil and Gas Operations Act*. The NEB develops and communicates regulations, guidance materials and related processes to ensure its regulatory expectations are clear and useful. The NEB actively seeks opportunities for improvement through amendments to regulations and guidance, non-mandatory goals and guidance, and other direction provided from time to time.

Budgetary Financial Resources (dollars)

2014-15 Planned Spending	2015-16 Planned Spending	2016-17 Planned Spending
10,083,289	8,384,633	8,384,633

Human Resources (FTEs)

2014-15	2015-16	2016-17
44.0	44.0	44.0

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Clear and pragmatic regulatory framework	Per cent of planned regulation or regulatory guidance change activities completed	80%	Annually

Planning Highlights

Changes to the NEB Act, other applicable federal legislation and consequential regulations must be implemented. These changes in regulations are either required by legislation or are identified gaps and issues in the NEB regulatory framework. Changes to relevant acts and regulations have to be implemented in the NEB processes to provide staff and stakeholders with updated, accurate and relevant regulatory guidance.

Key activities include:

- Implement legislative and consequential regulatory changes;
- Modernize the regulatory framework for Canada Lands^{vi}, in partnership with relevant federal and provincial government departments and regulators, to maintain the highest standards for operational safety, and environmental protection;
- Provide guidance to clarify the NEB's expectations of companies and how the public can get involved in NEB processes in the North;
- Continue to implement the Northern Engagement Plan.

Sub-Program 1.1.2: *Energy Regulation Implementation, Compliance Monitoring and Enforcement*

Description:

Through this Sub-Program, the NEB makes informed decisions and recommendations on issues and applications related to energy development, energy infrastructure, energy transportation, energy trade and related activities. As an independent regulatory tribunal, the NEB actively involves those affected by its regulatory decisions through public hearings and other engagement activities.

The Board verifies and enforces compliance with regulatory requirements and expectations such as those set out in the Board regulations, and terms and conditions of approvals. The NEB conducts its monitoring and enforcement activities under eight regulatory implementation programs: integrity, emergency management, safety management, damage prevention, financial regulation, respecting rights and interests, security, and environmental protection. Through monitoring and enforcement, the NEB holds regulated entities accountable for results in the Canadian public interest. The public interest is inclusive of all Canadians and refers to a balance of economic, environmental and social considerations that changes as society's values and preferences evolve over time. This program uses funding from the following transfer payment: *National Energy Board Participant Funding Program*.

Budgetary Financial Resources (dollars)

2014-15 Planned Spending	2015-16 Planned Spending	2016-17 Planned Spending
45,934,983	38,196,659	38,196,659

Human Resources (FTEs)

2014-15	2015-16	2016-17
249.0	249.0	249.0

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Fair and transparent application assessment	Per cent of successful judicial appeals related to fairness or legal principles	0%	Annually
Timely application assessment	Per cent of decisions or recommendations issued within legislated time limits	100%	Annually
Regulated companies are held accountable for results in the Canadian public interest	Per cent of NEB-identified non-compliances addressed by the NEB	100%	Annually

Planning Highlights

The NEB's regulatory and non-regulatory activities (e.g., application assessment, compliance and enforcement, planning and reporting, etc.) are risk-informed and driven by timely analysis of data and information collected from different activities. Analysis of accurate and relevant information can lead to the identification of trends in the industry and informs the NEB application assessment, compliance verification and enforcement processes. Through these efforts, the NEB will continue to hold regulated companies accountable for results in the Canadian public interest.

Key activities include:

- Continue to monitor time-limit commitments;
- Ensure readiness for potential large-scale construction projects;
- Streamline incident investigation and unauthorized activities processes;
- Utilize input from Canadians (e.g., Land Matters Group) to inform NEB initiatives;

- Provide information on safety and environmental protection that matters to Canadians;
- Improve the analysis of data and regulatory information to enhance safety and environmental performance reporting;
- Expand engagement activities (e.g., workshops) about regulatory requirements to maintain pipeline safety.

These activities, once implemented will further minimize the risk that applications are not dealt with in a timely and expeditious manner. These activities will also further minimize the probability that an incident at a regulated company could result in a fatality and/or significant environmental damage.

Program 1.2: *Energy Information*

Description:

Under this program, the supply, demand, production, development, transmission and trade of energy are analyzed to ensure the requirements of Canadians are appropriately met. Advice is provided on energy issues of interest. The Board uses energy information to inform its regulatory decisions and to produce publicly available assessments of energy trends, events and issues that may affect Canadian energy markets and the supply and demand for energy.

Budgetary Financial Resources (dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2015-16 Planned Spending	2016-17 Planned Spending
5,294,553	6,820,972	5,831,489	5,831,489

Human Resources (FTEs)

2014-15	2015-16	2016-17
39.4	39.4	39.4

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Canadians access energy related analysis and information	Number of visits to the Energy Information webpage or material per fiscal year	≥ 500,000	Annually

Planning Highlights

In support of the Program, the NEB will continue to monitor developments in energy markets, gather and publish energy market statistics and publish analyses to inform Canadians on energy markets. The NEB monitors a variety of data and information under the Energy Information Program, which are made available to the public through our market and our supply and demand analysis products.

Key activities include:

- Continue to monitor developments in energy markets, gather and publish energy market statistics and publish analyses to inform Canadians on energy markets;
- Support the Board's regulatory decisions by providing up to date market analysis on energy infrastructure related applications before the Board;
- Publish energy studies – planned publications for 2014-15 include:
 - *Canada's Energy Future 2015* to be released in Fall 2015;
 - Duvernay and Bakken Resource Assessments;
 - *Short-term Canadian Natural Gas Deliverability Outlook 2015-17*;
 - *Short-term Canadian Conventional/Tight Oil Deliverability Outlook 2015-17*;
 - Winter and Summer Energy Outlooks; and,
 - Several shorter reports on various aspects of energy markets.
- Enhance the external website to improve access and create an energy information portal for Canadians.

These activities enable the Board to make informed decisions and demonstrate to Canadians how markets are functioning and whether there are sufficient energy resources to satisfy Canadian needs even with exports. These activities, once implemented, will further minimize the probability that inaccurate, incomplete or inadequate information about NEB-regulated facilities or NEB operations is communicated to Canadians.

Internal Services

Description:

Internal Services are groups of related activities and resources administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Budgetary Financial Resources (dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2015-16 Planned Spending	2016-17 Planned Spending
26,538,637	21,824,229	16,740,529	16,740,529

Human Resources (FTEs)

2014-15	2015-16	2016-17
91.2	91.2	91.2

Planning Highlights

Significant increases in workload due to multiple major facilities applications will result in additional funding requirements and the need for proactive staffing. In addition, the move of the NEB to its new location needs to be as seamless as possible in order to minimize disruption to staff and work.

Increased national and international interest in NEB activities and the increased profile of and interest in pipeline activity, complemented by an increase in the number of major energy facilities projects across Canada require proactive communication practices to ensure Canadians have the information they need about the NEB and NEB-regulated facilities.

The following key activities support our strategic priority of a flexible and efficient organization, able to meet new and ongoing priorities.

Key activities include:

- Enhance communication with Canadians through strategic communication, including proactive information sharing and web presence;
- Establish and implement a funding model that allows a dynamic allocation of resources based on changing short-term and long-term business priorities;
- Implement attraction and retention strategies;
- Facilitate move to new building;
- Establish appropriate internal service standards commensurate with business requirements and funding levels.
- Implement information management and information technology strategies to support regulatory and business processes and to support enhanced data analysis of regulatory information.

Implementing attraction and retention strategies will mitigate the risk that key positions within the organization are vacant. These activities will also mitigate the risk that inaccurate, incomplete or inadequate information about NEB-regulated facilities or NEB operations are communicated to Canadians.



Theme IV
Shrinking the Environmental Footprint -
Beginning with Government

Additional details on the National Energy Board's green procurement activities can be found in the Greening Government Operations Supplementary Information Table^{xii}.

Section III: Supplementary Information

Future-Oriented Statement of Operations

The future-oriented condensed statement of operations presented in this subsection is intended to serve as a general overview of the National Energy Board's operations. The forecasted financial information on expenses and revenues are prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management.

Because the future-oriented statement of operations is prepared on an accrual accounting basis and the forecast and planned spending amounts presented in other sections of this report are prepared on an expenditure basis, amounts will differ.

A more detailed future-oriented statement of operations and associated notes, including a reconciliation of the net costs of operations to the requested authorities, can be found on the National Energy Board's website^{xiii}.

Future-Oriented Condensed Statement of Operations For the Year Ended March 31 (dollars)

Financial information	Estimated Results 2013-14	Planned Results 2014-15	Change
Total expenses	86,775,129	87,156,971	381,842
Total revenues	-	-	-
Net cost of operations	86,775,129	87,156,971	381,842

There are no significant variances between 2014-15 planned and 2013-14 estimated results.

List of Supplementary Information Tables

The supplementary information tables listed in the *2014-15 Report on Plans and Priorities* can be found on the National Energy Board's website^{xiv}.

- Disclosure of Transfer Payment Programs (TPPs) under \$5 million;
- Greening Government Operations;
- Upcoming Internal Audits and Evaluations over the next three fiscal years.

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*^{xv} publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

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Toll free fax : 1-877-288-8803
TDD : 1-800-632-1663

Web : <http://www.neb-one.gc.ca>

Endnotes

- i. Treasury Board Secretariat Estimates Publications and Appropriation Acts, <http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/esp-pbc-eng.asp>
- ii. Selected Departmental Performance Reports for 2008-2009 – Department of Industry, Department of Transport. Report of the Standing Committee on Public Accounts, September 2010, <http://www.parl.gc.ca/HousePublications/Publication.aspx?Mode=1&Parl=40&Ses=3&Language=E&DocId=4653561&File=0>.
- iii. Strengthening Parliamentary Scrutiny of Estimates and Supply. Report of the Standing Committee on Government and Operations Estimates, June 2012, <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=5690996&Language=E&Mode=1&Parl=41&Ses=1>.
- iv. Whole-of-government framework, <http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx>
- v. *National Energy Board Act*, <http://laws-lois.justice.gc.ca/eng/acts/N-7/index.html>
- vi. For the purposes of this RPP, Canada Lands are defined as the Northwest Territories, Nunavut, and submarine areas, not within a province, in the internal waters of Canada, the territorial sea of Canada or the continental shelf of Canada, but does not include the adjoining area, as defined in section 2 of the *Yukon Act*.
- vii. Total kilometres include pipeline that are approved, under construction, operational, deactivated, decommissioned, pending abandonment, etc.
- viii. This value is derived from annual throughputs and the weighted average yearly commodity price.
- ix. 2014-15 Main Estimates, <http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/esp-pbc-eng.asp>
- x. 2013-16 Federal Sustainable Development Strategy, <http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=A22718BA-1>
- xi. Federal Sustainable Development Strategy, <http://www.ec.gc.ca/dd-sd/>
- xii. <http://www.neb-one.gc.ca/clf-nsi/rpblctn/rprt/plnprtr/2014-2015/rpp00-2014-2015-eng.html>
- xiii. <http://www.neb-one.gc.ca/clf-nsi/rpblctn/rprt/plnprtr/2014-2015/rpp00-2014-2015-eng.html>
- xiv. <http://www.neb-one.gc.ca/clf-nsi/rpblctn/rprt/plnprtr/2014-2015/rpp00-2014-2015-eng.html>
- xv. Government of Canada Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>